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## **President's FY13 Budget Makes College Affordability a Priority Fully Funds Pell Grants through 2014-15, Takes Other Key Steps to Limit Need to Borrow and Keep Loan Debt Manageable**

“President Obama’s fiscal year 2013 budget issued today rightly makes college affordability a high priority. It takes several key steps to help limit the need to borrow and keep debt manageable for those who need loans to get through school.

“First and foremost, it limits the need to borrow by fully funding Pell Grants through 2014-15. More than nine million students count on Pell Grants to help pay for education and training after high school. The vast majority of Pell Grant recipients have family incomes under \$40,000 and already have to borrow more than other students to complete college. The budget fully funds the scheduled maximum grant of \$5,635 for school year 2013-14.

“Other key steps to limit the need to borrow include expanding access to work-study jobs and ensuring that families continue to get tax relief by making the American Opportunity Tax Credit permanent. The budget also makes substantial investments in education and training at community colleges, where the vast majority of students have no student debt. And it challenges states and schools to do their share to keep costs under control.

“To help keep student debt manageable for borrowers, the budget keeps the interest rate on subsidized Stafford Loans at 3.4% for the coming year. It also prevents the taxation of student debt forgiven through Income-Based Repayment and related programs that help keep loan payments affordable.

“Together these thoughtful investments in student aid will help keep college within reach. However, some of the proposed changes to the Perkins Loan program would make these loans more costly for students. With college costs and student debt already at record levels, this makes it even more important that the Administration invest in raising awareness of affordable loan repayment options and ensuring that they are easy to use.”

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*An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Its Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see [www.projectonstudentdebt.org](http://www.projectonstudentdebt.org) and [www.ticas.org](http://www.ticas.org), or follow us on Twitter at [www.twitter.com/TICAS\\_org](https://twitter.com/TICAS_org).*